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C O N F I D E N T I A L SECTION 01 OF 03 KUWAIT 000951

SIPDIS

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TAGS: [EFIN](#) [KTFN](#) [KU](#) [PREL](#) [PTER](#) [PGOV](#)
SUBJECT: MOSAL CONTINUES TO MONITOR RAMADAN CHARITABLE
GIVING

REF: A. KUWAIT 434
[B. KUWAIT 721](#)
[C. KUWAIT 707](#)
[D. KUWAIT 502](#)

Classified By: Economic Counselor Oliver John for reasons 1.4 b and d

[1](#)1. (C) Summary. Econ Couns met with Nasser Al Ammar, Director of Charity and Donation Organizations, Ministry of Social Affairs and Labor (MoSAL), on September 28, 2009 to discuss the outcome of this year's Ramadan collections audit as recent Kuwaiti news leaks cited violations in charitable collections. As a sign of the GoK's ongoing effort to improve oversight, Al Ammar noted that while the final audit is still in process and no official report has been released, initial findings show mostly minor infractions - although there are two potentially serious violations of MoSAL regulations from the Revival of Islamic Heritage Society (RIHS) and Social Reform Society (ISLAH). Al Ammar added that as part of MoSAL's expanding effort under Minister Al-Afasi, MoSAL officials will travel to Indonesia and Thailand to examine RIHS projects to ensure that funds allegedly ear-marked for project activity are fully accounted for as part of their supervisory responsibilities. Al Ammar stressed that both the total number and the severity of violations of Ramadan charity collection rules have decreased dramatically since MoSAL started regulating charitable contributions eight years ago. (Note: total number of violations in 2001 was 8000 compared to 400 in 2009. End Note) While Al Ammar can report on violations and provide information on possible penalties, Minister of Social Affairs Mohammad Mohsen Al Afasi will make any decision on actions to take against violators. End Summary.

Background

[1](#)2. (U) For the past eight years MoSAL's Charity and Donation Organizations Department has monitored charitable giving. The current system allows 10 charities to accept donations during Ramadan as long as they adhere to MoSAL's regulated coupon tracking system. Stamped coupon booklets which consist of four duplicate receipts (receipt for donor, receipt for recipient charity, receipt for audit, and receipt for MoSAL) are distributed by MoSAL. MoSAL completes an immediate audit of the coupons distributed and donations collected during Ramadan and then a year-end audit of the charity's annual financial reports; tracking revenue to expenditures made per project (ref a and c). MoSAL also sends undercover inspectors to give donations to individual charities to "test the system."

Violations Found During Ramadan Audit

13. (C) Al Ammar informed Econ Couns that while completing their 2009 Ramadan donations audit, MoSAL found 400 -- mostly minor -- violations, including charity advertisements that infringed on MoSAL standards and collection of in-kind donations which were outlawed by the cabinet council in 2001.

MoSAL also uncovered two violations, which Al Ammar viewed as very serious. The Revival of Islamic Heritage Society (RIHS) and Social Reform Society (Islah) did not use required MoSAL coupon booklets when collecting some donations. Al Ammar reported that MoSAL inspectors found these violations through their normal monitoring process. He stressed that this raises a question of how much cash the charities actually collected. (Note: cash collected during Ramadan must be deposited in the charities' bank accounts, which are audited at the end of the year. The charities' income statements also have an "other" or "general" income line, which includes donations from individuals who have refused receipts or refused to identify themselves. Given the private nature of charitable giving under Islam, Al Ammar noted a cultural problem of getting people to either identify themselves when giving donations or to accept receipts for their donations. End note.) MoSAL has the option of engaging the Ministry of Interior (MOI) in its investigation to find out what happened to the MoSAL coupon booklets, how many non-MoSAL coupon booklets were printed and how the charities accounted for the cash they collected.

Action Against Offenders

14. (C) Al Ammar stated that he will prepare a findings report

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for the Minister that will include possible penalties. He did however state that it is the sole decision of the Minister to decide what action, if any, to take against a charity in violation. Al Ammar described a range of possible responses: 1) Contact charity to set up a meeting to inform them of the findings; 2) Deliver an official letter of notification from the Minister stating the violations; 3) Refer charity to public prosecutor's office for an investigation of the charges; 4) Terminate a charity's license or suspend its bank account. Al Ammar stressed that the Minister has the authority to terminate a charity's license, freeze their bank account, and cut off dealings with all other ministries without waiting for additional information from the MOI. When asked for his views as to the Minister's possible action, he speculated that the Minister (like his predecessors) would likely opt to call in the charities for a meeting. He noted that the gentle approach had paid fruit over the past years, citing the sharp drop in violations, despite increasingly active MoSAL monitoring.

Comment

15. (C) As we have noted, the GoK continues to take steps to improve oversight of charitable giving, and the Department of Charity and Donation Organizations appears to take its job seriously. Based on the information Al Ammar has provided, it seems these efforts have had an impact. Al Ammar himself was genuinely concerned about the violations and indicated that he would be looking at ways to prevent them in future. On a related note, the GoK does appear to also be interested in RIHS' overseas activities. Al Ammar stated that his office also oversees the activities of the three charities (RIHS, ISLAH and Direct Aid) licensed to operate overseas. (Note: The Kuwait Red Crescent Society is not under the jurisdiction of MoSAL. End Note.) Al Ammar stated he will go abroad to check on two RIHS projects in Indonesia and Thailand during October as part of his monitoring activities.

16. (C) Comment Continued: While greater oversight is

welcome, the GOK has until now been unwilling to severely penalize charities that have violated its rules - and RIHS in particular. This reflects the view of the Kuwaiti leadership that RIHS, as one of only three official Kuwaiti charities permitted to operate abroad, has an important mission to play in building goodwill towards Kuwait and by countering the influence of more radical Islamist charities - and particularly Shi'a Islam emanating from Iran. Deputy Prime Minister and Foreign Minister Dr. Mohammed Al-Salem Al Sabah has on several occasions recounted to the Ambassador the view that the struggle for the hearts and minds of a generation of impressionable youth across the Muslim world - but in particular in the unsettled/less governed areas of greatest concern to the USG as possible locales where terrorist groups operate - is a battle Kuwait and other moderate Sunni Muslim states cannot afford to cede to Iran. Consequently, Kuwaiti charities, and others, must have the freedom to build mosques and provide social services to counter those on offer from more radical groups. This perception underlined the Minister's recent intervention in the GCC 3 meeting at UNGA, and his subsequent comments to the press where he spoke of the importance of dealing with terrorist financing surgically.

17. (C) Comment Continued: Given the foregoing, we expect the new and energetic MoSAL Minister Al-Afasi will likely call in RIHS and ISLAH for a stiff talking-to, but will be reluctant to take more draconian measures absent strong evidence that point to more than simply regulatory violations. That view is supported by Al Ammar's indicating that one of the two charities (he refused to be drawn on which one) had committed the same violation last year, but was not punished. News of this year's violations was leaked to the press September 29 in advance of the report to the Minister, perhaps an effort to shame the two charities - both were named directly - into greater compliance with MoSAL regulations. Post will follow-up with Al Ammar after his return from his October inspection mission abroad, and will seek additional detail from him about the scope and detail of MoSAL's overseas oversight program. End Comment.

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